

---

**LOUISIANA SYMPHONY ASSOCIATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010**

---

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/30/11

**P&N** Postlethwaite  
& Netterville

A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

---

**LOUISIANA SYMPHONY ASSOCIATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010**

## CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1
<u>Financial Statements</u>	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 13
<u>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></u>	14 - 15
<u>Summary Schedule of Findings and Questioned Costs</u>	16
<u>Summary Schedule of Prior Year Audit Findings</u>	17

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Louisiana Symphony Association  
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of the Louisiana Symphony Association (a not-for-profit organization) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Symphony Association as of June 30, 2010 and 2009, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2010, on our consideration of the Louisiana Symphony Association's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
November 2, 2010

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2010 AND 2009**

**ASSETS**

	<u>2010</u>	<u>2009</u>
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 28,238	\$ 79,652
Restricted cash - LYO	26,283	26,283
Restricted cash - endowments	-	66,560
Investments	126,200	82,749
Receivables - other	60,092	24,048
Prepaid expenses and other assets	5,702	3,917
Total current assets	246,515	283,209
<b><u>ENDOWMENT INVESTMENTS</u></b>	375,000	375,000
<b><u>BENEFICIAL INTEREST IN BR SYMPHONY LEAGUE</u></b>	64,714	59,253
<b><u>PROPERTY AND EQUIPMENT, NET</u></b>	94,323	99,890
Total assets	<u>\$ 780,552</u>	<u>\$ 817,352</u>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable	\$ 7,643	\$ 30,492
Line of credit	-	200,000
Accrued expenses	6,421	5,023
Deferred revenues:		
Ticket sales for concerts	234,952	159,263
Total liabilities	249,016	394,778
<b><u>NET ASSETS</u></b>		
Unrestricted	4,053	(128,018)
Temporarily restricted	152,483	175,592
Permanently restricted	375,000	375,000
Total net assets	531,536	422,574
Total liabilities and net assets	<u>\$ 780,552</u>	<u>\$ 817,352</u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2010 AND 2009**

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b><u>SUPPORT AND REVENUE</u></b>				
Concerts	\$ 588,205	\$ -	\$ -	\$ 588,205
Contributed services	169,799	-	-	169,799
Government	143,663	-	-	143,663
Annual fund contributions	270,685	-	-	270,685
Sponsorships	353,100	-	-	353,100
Investment income	1,765	7,985	-	9,750
Special events	111,977	-	-	111,977
Other	131,935	-	-	131,935
Change in net assets of League	80,461	-	-	80,461
Total support and revenue	1,851,590	7,985	-	1,859,575
Net assets released from restriction	31,094	(31,094)	-	-
Total revenues and other support	1,882,684	(23,109)	-	1,859,575
<b><u>EXPENSES</u></b>				
Program expenses	1,004,307	-	-	1,004,307
Marketing	234,242	-	-	234,242
Development	92,883	-	-	92,883
General and administrative expenses	419,181	-	-	419,181
Total expenses	1,750,613	-	-	1,750,613
<b>CHANGE IN NET ASSETS</b>	132,071	(23,109)	-	108,962
<b><u>NET ASSETS</u></b>				
Beginning of year	(128,018)	175,592	375,000	422,574
End of year	\$ 4,053	\$ 152,483	\$ 375,000	\$ 531,536

The accompanying notes are an integral part of these financial statements.

2009

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 509,595	\$ -	\$ -	\$ 509,595
62,793	-	-	62,793
137,197	-	-	137,197
284,936	-	-	284,936
308,068	-	-	308,068
(23,646)	11,616	-	(12,030)
81,550	-	-	81,550
55,338	-	-	55,338
56,894	-	-	56,894
<u>1,472,725</u>	<u>11,616</u>	<u>-</u>	<u>1,484,341</u>
154	(154)	-	-
<u>1,472,879</u>	<u>11,462</u>	<u>-</u>	<u>1,484,341</u>
1,007,774	-	-	1,007,774
116,185	-	-	116,185
61,645	-	-	61,645
443,677	-	-	443,677
<u>1,629,281</u>	<u>-</u>	<u>-</u>	<u>1,629,281</u>
(156,402)	11,462	-	(144,940)
28,384	164,130	375,000	567,514
<u>\$ (128,018)</u>	<u>\$ 175,592</u>	<u>\$ 375,000</u>	<u>\$ 422,574</u>

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 108,962	\$ (144,940)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,677	9,464
Unrealized (gain) loss on investments	(826)	25,071
Change in beneficial interest in BR Symphony League	(80,461)	(56,894)
Change in:		
Other receivables	(36,044)	25,844
Prepaid expenses and other current assets	(1,785)	(2,094)
Accounts payable	(22,849)	617
Accrued expenses	1,398	507
Deferred revenues	75,689	(33,446)
Net cash provided by (used in) operating activities	<u>53,761</u>	<u>(175,871)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Cash from BR Symphony League	75,000	85,000
Capital expenditures	(4,110)	(3,929)
Proceeds from maturities of investments	774,100	62,841
Purchase of investments	(816,725)	(72,116)
Net cash provided by investing activities	<u>28,265</u>	<u>71,796</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Principal paydowns on line of credit	(200,000)	-
Net proceeds from line of credit	-	200,000
Net cash (used in) provided by investing activities	<u>(200,000)</u>	<u>200,000</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (117,974)	 95,925
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>172,495</u>	 <u>76,570</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 54,521</u>	 <u>\$ 172,495</u>
 <u>Supplemental disclosures:</u>		
Cash paid during the year for interest	<u>\$ 9,518</u>	<u>\$ 5,952</u>

The accompanying notes are an integral part of these financial statements.



**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

1. Nature of Activities

The Louisiana Symphony Association (the Association) was founded in 1947 to provide a symphony orchestra with a regional and national profile and to provide educational and cultural enrichment for the people of greater Baton Rouge and the State of Louisiana.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting. The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

In accordance with the accounting for contributions received and contributions made contained in the ASC, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give cash and other assets to the Association are reported at fair value on the date the promise is received.

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

2. Summary of Significant Accounting Policies (continued)

Grant Revenue Recognition

Grants which represent exchange transactions are recorded as a receivable when the grant is formally committed. Grants committed at year end which are applicable to the subsequent fiscal period are included in grants receivable and deferred income. Grants which represent contributed support are recognized in the same manner as promises to give.

Deferred Revenue

Deferred revenue represents tickets for concerts that have been sold prior to date of the concert. After the concert is performed, the revenue from the concert will be realized and recorded as revenue. In the event any of the productions are not presented, the advance ticket collections for that concert will be available for refund to the ticket holders.

Volunteer Services

A substantial number of unpaid volunteers have made a significant contribution of service to develop the Association's programs, principally in fund raising activities, operations, and board participation. The value of this service is not reflected in these statements since it does not meet the criteria for recognition.

Restricted and Designated Net Assets

The Association has an endowment trust to be funded by contributions. Unrestricted donor contributions can be used at the Association's discretion. The principal for permanently restricted donor contributions must remain intact. Funds donated with restrictions on principal have been classified as permanently restricted net assets.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the assets.

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

2. Summary of Significant Accounting Policies (continued)

Income Taxes

The Association has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. Accordingly, no provision for income taxes on related income has been included in the financial statements.

On July 1, 2009, the Association adopted the recent accounting guidance related to accounting for uncertain tax positions. In Management's judgment, the Association does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date.

With few exceptions, the statute of limitation for the examination of the Association's income tax returns is generally three years from the due date of the tax returns including extensions. The tax years open for assessment are the years ending on or after June 30, 2007.

Cash and Cash Equivalents

The Association considers all highly liquid investments with maturities of three months or less at the date of acquisition to be "cash equivalents." Cash and cash equivalents for purposes of the statements of cash flows excludes permanently restricted cash and cash equivalents.

Accounts Receivable

Accounts receivable, which are made up primarily of sponsorships and advertising contracts, are stated at the amount management expects to collect from balances outstanding at year-end and are determined to be past due based on contractual terms. Based on management's assessment of credit history with clients having outstanding balances and current relationships with them, it has concluded that realization of losses on balances outstanding at year end, if any, will be immaterial.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

2. Summary of Significant Accounting Policies (continued)

Investments and Investment Revenues

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value, both based on quoted market prices. Unrealized gains and losses are recorded in current year operations as increases or decreases in unrestricted net assets. Dividend, interest, and other investment revenue is recorded as an increase in unrestricted net assets unless the use is restricted by the donor.

Donated investments are recorded at market value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost bases of the securities sold, using the specific identification method. These realized gains and losses flow through the Association's current operations.

Contributed Services

The Association recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. The value of contributed services meeting the requirements for recognition in the financial statements was \$169,799 and \$62,793 for the years ended June 30, 2010 and 2009, respectively.

3. Beneficial Interest in Baton Rouge Symphony League

In accordance with the Transfers of Assets to a Not-for-Profit Organization that Raises or Holds Contributions for Others topic of FASB ASC, the net assets of the League are treated as a beneficial interest asset on the Association's financial statements. The effect of this guidance is for the Association to recognize a beneficial interest in the net assets of the League, similar to the equity method of accounting.

4. Property and Equipment

A summary of property and equipment, accumulated depreciation, and related service lives at June 30th, is as follows:

	Estimated Service Lives	2010	2009
Equipment	3 - 7 years	\$ 53,299	\$ 49,189
Furniture and fixtures	5 - 7 years	19,994	19,994
New piano	20 years	92,750	92,750
		166,043	161,933
Less accumulated depreciation		( 71,720)	( 62,043)
		<u>\$ 94,323</u>	<u>\$ 99,890</u>

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

5. Investments

Investments, which are recorded at fair value, as of June 30th, are summarized as follows:

	<u>2010</u>	<u>2009</u>
Liquid assets	\$ 55,102	\$ 230,096
Mutual funds	376,149	32,753
Government securities	-	130,010
Investments held by the Baton Rouge Area Foundation	<u>69,949</u>	<u>64,890</u>
	<u>\$ 501,200</u>	<u>\$ 457,749</u>

The following schedule summarizes the investment revenues and their classification in the statements of activities for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 8,924	\$ 13,041
Unrealized gains (losses), net	<u>826</u>	<u>( 25,071)</u>
Total investment income (loss)	<u>\$ 9,750</u>	<u>\$ (12,030)</u>

The Fair Value Measurements and Disclosure topic of FASB ASC establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

5. Investments (continued)

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 55,102	\$ -	\$ -	\$ 55,102
Mutual Funds				
Blend	43,397	-	-	43,397
Growth	70,481	-	-	70,481
Value	53,514	-	-	53,514
Index	41,621	-	-	41,621
Bond	167,136	-	-	167,136
Total Mutual Funds	376,149	-	-	376,149
Baton Rouge Area Foundation	-	69,949	-	69,949
Total Assets at Fair Value	\$ 431,251	\$ 69,949	\$ -	\$ 501,200

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 230,096	\$ -	\$ -	\$ 230,096
Mutual Funds	32,753	-	-	32,753
Government Securities	130,010	-	-	130,010
Baton Rouge Area Foundation	-	64,890	-	64,890
Total Assets at Fair Value	\$ 392,859	\$ 64,890	\$ -	\$ 457,749

6. Line of Credit

The Association had an available line of credit totaling \$200,000 at June 30, 2010 and 2009, respectively, from a financial institution. The line has an interest rate based on 1.5% above the prime rate. The combined interest rate as of June 30, 2010 and 2009 was 4.75%. The line of credit is unsecured and has no stated maturity date. The balance outstanding on the line of credit was \$0 and \$200,000 as of June 30, 2010 and 2009, respectively.

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**7. Temporarily Restricted Net Assets**

Temporarily restricted net assets were available for the following purposes at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
88 Keys	\$ 102,513	\$ 102,513
Endowment income - education	23,687	46,796
LYO fundraising	<u>26,283</u>	<u>26,283</u>
	<u>\$ 152,483</u>	<u>\$ 175,592</u>

**8. Net Assets Released From Restrictions**

Net assets released from donor restrictions for incurring program related expenses satisfying the restricted purposes were as follows for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Endowment income -- education	\$ 31,094	\$ -
88 Keys	<u>-</u>	<u>154</u>
	<u>\$ 31,094</u>	<u>\$ 154</u>

**9. Retirement Plan**

The Association has an Internal Revenue Code Section 401(k) plan. The plan covers substantially all of the full time employees of the Association. The Association has elected not to match contributions for the years ended June 30, 2010 and 2009.

**10. Lease Agreement**

The Association signed a lease agreement for their new location in March, 2008. The lease term is for thirty-eight months beginning June 1, 2008, with an option to renew for an additional thirty-six months. The monthly lease amount is \$2,750. Future lease payments, by year and in the aggregate are due as follows:

2011	\$ 33,000
2012	<u>2,750</u>
	<u>\$ 35,750</u>

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**11. Endowed Net Assets**

As of June 30, 2010, the Association holds permanently and temporarily restricted assets within an endowment account at Merrill Lynch. The principal amount of \$375,000 as a result of the donations received shall not be expended for any purpose whatsoever. The expenditure of funds from these endowments is limited to the income from the investment of the principal. The funds are under the direction and control of the Executive Director of the Association. During the life of the donor for each endowment, an annual report of the expenditure of endowment income shall be made to the Donor(s) or his/her designee(s). There was no activity in the endowed account during the year.

**12. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 2, 2010, and determined that no additional disclosures are necessary. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**  
**Based on an Audit of Financial Statements Performed**  
**in Accordance with Government Auditing Standards**

The Board of Directors  
Louisiana Symphony Association  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Symphony Association as of and for the year ended June 30, 2010, and have issued our report thereon dated November 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Association's internal control to be a significant deficiency:

**Findings and Questioned Costs – Financial Statements**

**2010-1**

**Drafting of Financial Statements and Related Notes**

**Criteria:**

The definition of internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertion embodied in the annual financial statements, which for the Association, is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Condition:

As part of the audit process, we assisted management in drafting the financial statements and related notes for the year-end audit procedures. The fact that our role is a key part of the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP) is an indication that the internal control over year-end GAAP financial statements by Association personnel is not sufficient.

Effect:

The Association has a significant deficiency in their internal control over financial reporting.

Recommendation:

The Association should evaluate the costs and benefits of hiring someone to take a more active and participatory role in the drafting of financial statements.

Management's Response  
& Corrective Action:

Management agrees with the recommendation; however, due to cost constraints no changes will be made at this time. Management will continue to evaluate the preparation of the financial statements and consider the cost-benefit analysis.

A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Association's response to the significant deficiency identified in our audit is described above. We did not audit the Association's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management of the Louisiana Symphony Association and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite : Netteville*

Baton Rouge, Louisiana  
November 2, 2010

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2010**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expressed an unqualified opinion on the financial statements of the Louisiana Symphony Association.
2. No material weaknesses relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No material instances of noncompliance material to the financial statements of the Louisiana Symphony Association were disclosed during the audit.
4. A management letter was not issued regarding the current year's audit.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

1. Significant deficiency 2010-1

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2010**

- A. FINDINGS – FINANCIAL STATEMENT AUDIT:
- 2009-1 Repeat comment, see 2010-1
- B. MANAGEMENT LETTER COMMENTS PRIOR YEAR:
- None.